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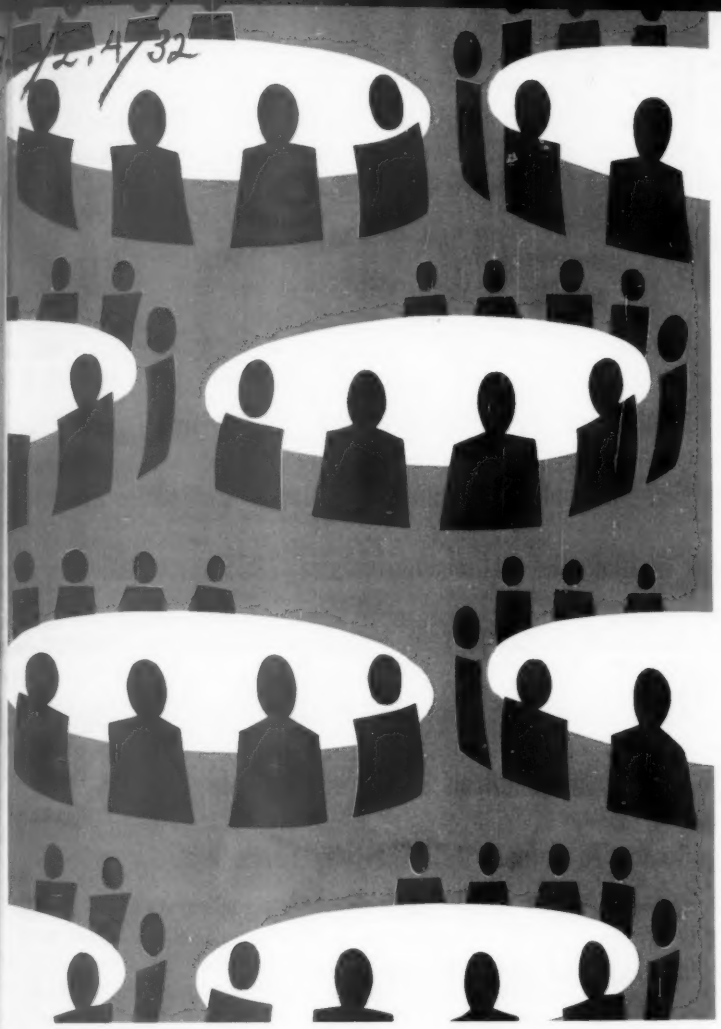

AUGUST 8, 1966

OECD'S DAC EXAMINES AID AND WORLD FOOD CRISIS

A LOOK AT MAINLAND CHINA'S AGRICULTURE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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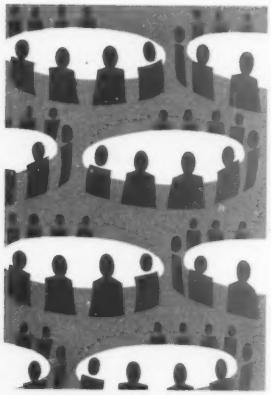

This year's high-level meeting of OECD's Development Assistance Committee stressed the urgency of helping boost the food production of developing nations (see highlights on pp. 3-6).

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OECD's Development Assistance Committee, at its Fifth High-Level Meeting July 20-21, in Washington, focused on the food problems of developing nations and their meaning for aid policies. Excerpts from some of the major addresses follow.

The U.S. View of the Unfolding World Food Crisis

By ORVILLE L. FREEMAN
U.S. Secretary of Agriculture

There is today a deep and growing concern throughout the world over the outcome of the food-population race. This is particularly evident here in the United States.

Several factors contribute to this deepening concern. The encouraging advances in per capita food production recorded in the developing countries during the 1950's have been reversed in many cases during the present decade. The depletion of worldwide food reserves, particularly wheat and rice, has also contributed to the rising level of concern.

The realization that serious malnutrition in the early years of life can permanently reduce the life-long potential for mental development sharpens our awareness of the long-term implications of the current short supplies of food. The incongruousness of the space era on the one hand and growing world hunger on the other is causing us to question our values and reorder our priorities.

Projections of food needs

Over the past several years many efforts have been made by both individual countries and international agencies to project world food production and demand. Virtually all studies, regardless of when or where they were done, have had certain things in common. They have underestimated increases in the demand for food, largely because of underestimates of population growth, and they have overestimated increases in food production in the developing countries. The net result has been that food import deficits in less developed countries are widening much more rapidly than anticipated.

For some time now the food-population problem has been discussed as though it were a problem of the future. It is not a problem of the future. It is here now. Some of the recent trends and developments that lead me as Secretary of Agriculture to this conclusion are outlined below.

The two reserves

Until quite recently we had in the United States two of the world's major reserves in the race between food and people. These are the vast quantities of surplus grain we had in storage and the large area of cropland idled under our farm programs. In 1961 we had a carryover of 115 million metric tons of grain. Today we have only 61 million tons. The excess carryover has disappeared.

As recently as last year we had 56 million acres of cropland idled under our farm programs and diverted to conservation uses. Actions already taken to increase acreage will bring a sizable part of this idled cropland back into production by the end of this year. Further actions to expand acreage are now being considered. Thus within the past 5 years one of these two strategic reserves has disappeared and the other is now being rapidly reduced.

These trends in both our grain reserves and our acreage reserve reflect the basic fact that food consumption is rapidly outstripping production in the rest of the world. Once both of these two ready reserves are exhausted the world will find it much more difficult to cope with any continuing excess of demand over production.

The world wheat situation

Wheat, along with rice, accounts for a dominant share of the world's total supply of food staples. Five years ago wheat carryover in the major exporting countries totaled 59 million tons. As of 1966 it is scarcely 30 million tons—well below the desirable level. It is projected to decline even further by this time next year.

World wheat imports have more than doubled during the past decade. If the rate of increase over the next decade should even remotely approach that of the decade just ended, world import demand for wheat will far exceed the supply capabilities of the exporting countries.

Several factors account for this rapid growth in wheat imports. India's wheat import needs doubled during the Third Five-Year Plan period ending just a few months ago. Five years ago the Soviet Union was a wheat exporter. Today it rivals India as a leading wheat importer. Mainland China is today a consistent heavy importer of wheat. These three countries, containing some 40 percent of the world's people, are now heavily dependent on imported foodgrains. Of the four most populous countries, only the United States continues as an exporter.

The world rice situation

Rice carryover in the major exporting countries totaled 1.8 million tons in 1955. Today, a decade later, it is less than 300,000 tons. There is at present an unsatisfied import demand for rice totaling several million tons. The sharp and growing disparity between world prices of wheat and rice—most of the rice moving in international trade channels is priced at least half again as high as wheat—reflects this.

The sharp turnabout in the world rice situation traces to several developments. On the supply side, Burma's exports have actually declined in the past few years. South Vietnam, until recently a rice exporter, is now a deficit country. Neither of these two key developments on the supply side will necessarily be reversed in the near future.

On the demand side, Japan has moved rapidly away from its position of near self-sufficiency in the early 1960's. This year it will import nearly a million tons of rice. The Philippines, a country which was until recently virtually self-sufficient in rice, is now importing large quantities also. Indonesia is facing a rather serious food crisis because of inadequate rice supplies.

India's growing rice import needs are well known. Paki-

stan's rice situation is now far from satisfactory.

In summary, the world's rice-consuming populations, accounting for some one-half of the people in the world, are continuing to multiply at an unabated rate. The area of land which can produce rice is rather rigidly defined and cannot be easily or rapidly expanded. The current rice supply-demand imbalance is likely to continue for the foreseeable future.

Three relevant benchmarks

There are three basic benchmarks to which the rate of increase in food production can be usefully related. These are: (1) The rate of increase needed to keep pace with population growth, (2) the rate of increase needed to attain target rates of economic growth while maintaining stable prices, and (3) the rate needed to eliminate the serious malnutrition common to most of the developing countries. By all three criteria, the rate of increase has been decidedly inadequate. As matters now stand we are "losing the war on hunger."

Thirty years ago the less developed regions of Asia, Africa, and Latin America were exporting 11 million tons of grain yearly to the developed countries, principally Western Europe. During the war decade of the 1940's, that flow was reversed. This year more than 20 million tons will move from the "have" to the "have not" countries of the world.

The net grain trade position of the less developed world has changed by 41 million tons. Even so, effective internal demand for food in the developing countries far exceeds the available supply even with the current massive imports. Several major developing countries, including India, Brazil, Indonesia, the UAR, and Pakistan, are experiencing sharp rises in food prices. These sharply rising prices are forcing reduction in development expenditures, thereby reducing rates of economic growth.

The population side of the equation

Over the next 15 years the world must prepare to feed an additional billion people. Never before in history have so many been added in such a short period of time. Even more significantly, fully four-fifths of the billion will be added in the food-short, developing countries.

This growing imbalance between food and people threatens the economic and political stability of the developing countries. A world in which one-third of us worry about our waistlines while the remaining two-thirds worry about where the next meal is coming from is not a stable world.

The advanced nations can provide several forms of assistance to reduce the food-population imbalances. Of these several forms, assistance with family-planning programs is by far the most efficient. Five dollars invested in family planning can achieve as much progress as $100 invested in other areas of economic development.

Fertilizer and farm prices

The great majority of the developing countries are deficit in both food and fertilizer. These two commodities are for all practical purposes the same commodity. Traditionally, we have talked of the food gap in the less developed world. I would like to emphasize that *this is also a fertilizer gap.* A 20-million-ton food gap is a 2-million-ton fertilizer gap! One pound of plant nutrients, used in association with water, pesticides, and fertilizer-responsive varieties, yields on the average 10 pounds of additional foodgrains.

The difference between fertilizer and food is a one-year time lag. This year's fertilizer is next year's food. The cost of filling the food-fertilizer gap is reduced by two-thirds if it is filled with fertilizer rather than with food. Recognizing the interchangeability of food and fertilizer makes it possible for virtually every advanced country to contribute in a major way to the filling of the food-fertilizer gap.

Food price policies in developing countries are frequently urban-oriented. Governments are interested in price control rather than price support. Although politically expedient in the short run this policy will prove disastrous in the longer run.

In those developing countries which are now essentially fixed-land economies the farmers' cost-price relationship assumes a new dimension of importance. Under these circumstances, a productive yield-raising agriculture requires food price policies oriented toward the producer. Food prices must be supported at a level that will make the use of purchased inputs profitable. If it is not profitable to use yield-raising inputs such as fertilizer, then rapid gains in food production are almost impossible.

We must assist the developing countries in the formulation and adoption of the appropriate food price policies. If we are not successful in this, then our other efforts to further agricultural development will be largely in vain. Basic economics requires that the use of modern technology be profitable if it is to be adopted.

The need for agricultural inputs

Earlier this week I returned from an agricultural inspection and review tour of several developing countries in Asia. The thing which impressed me above all others was the clamor by farmers for production inputs, such as fertilizer, irrigation pumps, and better seed. These farmers did not ask for advice. They wanted inputs.

In response to the growing need for agricultural inputs, we are making available sharply increased quantities of these items under our aid program. During the fiscal year just ended we financed nearly $100 million worth of fertilizer. This has been increased to $300 million for the current year. Supplies of aid-financed imports of seed, pesticides, and implements have been increased proportionately.

At present we must supply from our own production many of the inputs farmers in all recipient countries so desperately need. But this is a temporary, not a long-term solution.

Over the longer term, the aid-recipient countries must develop their own agricultural supplier industries. To fail to do so will simply result in a shifting of dependence on aid in the form of food to aid in the form of agricultural inputs, creating an impossible burden for the advanced countries. We must assist the developing countries in creating the investment climate needed to attract capital and the accompanying managerial, technical, and marketing know-how.

Agricultural industry attracted from abroad will bring with it the applied agricultural research and extension programs now characterizing virtually every major corporation supplying agricultural inputs in OECD countries.

I need not emphasize the importance of assistance programs in general to the members of the DAC. But I do want to emphasize the urgent importance of allocating a greater proportion of assistance to the agricultural sector in developing countries, and of urging them to include accelerated agricultural development in their country plans.

Although the current food-population balance is critically unsatisfactory, yet there are many things from which we can take encouragement and stimulation for accelerated effort. These are:

- New recognition of the importance of agriculture by the developing countries. Today agriculture is given No. 1 priority by nations that have neglected it for centuries.
- Increased investment of domestic resources and foreign exchange in agriculture.
- An awareness of new production techniques, as evidenced by a strong demand which is currently outrunning the supply of fertilizer, seed, and pesticides.

It is within the resources of the nations that make up DAC to meet this demand and sustain it as it grows. Hopefully, those resources will be effectively and efficiently coordinated and made available as and where needed.

It is physically, scientifically, and technologically possible to banish hunger. Such a victory will not be easy. It will call for a higher level of social, political, and economic engineering than mankind has yet achieved.

Here, in the DAC, we can set the stage for that victory.

Other Highlights of Development Assistance Committee Meeting

When the Organisation for Economic Co-operation and Development came into being in September 1961, it inherited a readymade committee on development assistance. Eleven governments had formed a group in 1960 to begin the coordination of their national aid programs. This group has now expanded to 16 members: Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, the United Kingdom, the United States, Australia (not an OECD member), and the Commission of the European Economic Community.

Hubert H. Humphrey, Vice President of the United States

Vice President Humphrey said—

. . . If present trends continue for another 10 to 20 years, half the world will be facing outright starvation whenever there is a bad harvest, and serious malnutrition even when there is not. . . .

To meet this crisis, a radical increase is needed in the food output of the developing countries.

This cannot be done by treating agriculture in these countries as an isolated sector. It requires modernization in both agriculture and its supporting industry. It requires massive capital investment and, in many cases, a reallocation of development priorities.

To wage this war, a strategy with four main components is needed in the developing countries. First, the marketing mechanism must be modernized, emphasizing the need to give the farmer an incentive to produce more. He must be able to sell his products at a fair price. And he must be able to buy essential consumer and producer goods in return. The farmer must be offered a chance to play a rewarding part in an expanding market economy.

Second, the farmer's capital plant must be improved, through a sound rural development program. This means roads, water, fertilizer plants, rural electrification, agricultural research centers, better seeds, more farm equipment, good pesticides and insecticides, and adequate credit at reasonable rates of interest.

Third, the farmer must be educated to receive and absorb modern agricultural technology. We must bring education not only to the farmers of today, but to children who will be the farmers of tomorrow. That this will take a generation is no reason for despair; it is, rather, an urgent reason to get on with it.

Fourth, we must make sure that farmers are healthy enough to do the job. Adequate health programs are fundamental to expanding agricultural development and should never be neglected. Such programs range from diet improvement for undernourished children to malaria control and projects to insure livestock health. . . .

We in DAC must answer two key questions: How much help is needed? How can our countries best work together in providing that help? . . .

In this expanding effort, such existing international institutions as the FAO, the World Bank, IDA, and the UN Development Program have a large role to play. And every country, whatever its political and social system, should have an opportunity to play a part in this humanitarian effort.

It would be welcome news indeed if the Soviet Union and the nations of Eastern Europe were to join the FAO and the World Food Program. And I hope that the rulers of Mainland China may some day decide that cooperation with others, in fighting hunger, is more rewarding than policies which presently hinder their relations with the rest of the world.

Dean Rusk, U.S. Secretary of State

Secretary Rusk said—

. . . I believe that three steps must be taken to avert a calamitous food-population crisis:

First, food production in the less developed nations must be increased—increased in the context of sound overall economic development. This requires strong action by the developing countries and increased technical and capital assistance from the developed countries.

Second, assistance in the form of food, shipping, storage and handling facilities, and other resources must be supplied as an urgent claim on all the advanced countries during the interim until food production in the developing countries has been increased.

Third, there must be increasing opportunities for men and women consciously to decide the size of their families. . . .

In the case of food aid, the problem is *relatively* simple—not simple, *relatively* simple. It seems clear that more will be required in the years to come.

Here is how we might provide it, supplementing national programs with collective action:

First, the World Food Program has performed well. It has the capacity to do an increasing share of the job. We note that, for lack of sufficient matching funds, the United States pledge of $130 million for the years 1966-68 may not be fully used. Pledges received so far from other FAO members are still some $60 million short. We hope this need will be met. And, beyond that, we would be prepared to increase substantially our contribution to the World Food Program to match pledges by others. Those who cannot provide food could provide funds to purchase food and to meet services and transportation charges.

Second, the United States is prepared to agree with other producer nations on the creation of a World Food Reserve held available for emergency use.

Population control and measures to increase agricultural production and productivity are relatively more complex problems. We should proceed with existing lines of national attack and the multilateral efforts of the IBRD, the IDA, the FAO, the UN Development Program, and the numerous regional efforts already underway. But we should also undertake an intensive joint study of how best to broaden the attack.

Willard L. Thorp, DAC Chairman

Mr. Thorp said—

It has become standard practice to speak of the flow of foreign assistance to less developed countries as being in a state of stagnation. One can question whether this is a correct reading of the record, particularly in the light of the figures for 1965. The total net flows of public and private capital and technical assistance to less developed countries as recorded by the Development Assistance Committee rose by more than $1 billion in 1965 to reach an estimated grand total of about $11 billion, 43 percent above the 1960 level. Except for 1962, each year since 1960 has shown an increase in the flow to the less developed countries.

While the record for 1965 is therefore no small achievement, it offers no basis for complacency. Both national incomes and price levels were rising also. Furthermore, the increase in the last several years has come more from the private capital flow and the activities of the multilateral agencies than from official bilateral disbursements. While there is considerable evidence to suggest that one may expect both bilateral and multilateral disbursements to rise still higher in 1966, the high rates of interest prevailing in capital markets at home and the balance-of-payments problems of several of the more important countries do not augur well for the maintenance of private flows at their present level. . . .

George D. Woods, President of the World Bank Group

Mr. Woods said—

. . . Since 1961, the level of official net capital flows from OECD countries to the developing countries has remained static at about $6 billion a year. As a proportion of the rising incomes of the OECD countries, these net official flows declined from an estimated eight-tenths of 1 percent to six-tenths of 1 percent. . . .

We know and agree that the terms of development finance must be made easier for the developing countries. But the reverse is happening. . . . Today the average terms of assistance are harder than they were last year or the year before, and the prospects are disturbing.

At the same time, more and more of the flow of finance is being counterbalanced by the debt service paid by the developing countries. Service on public and publicly guaranteed debt more than doubled between 1961 and 1965. More than half the inflow of development finance is now being offset by the return flow in the form of amortization, interest, and dividends.

Paradoxically, at the same time that the relative volume of aid has been dwindling, the capabilities of the developing countries have been growing. Last year, I reported the judgment of the World Bank staff that for the balance of the 1960's, the developing countries—outside the Sino-Soviet areas—each year could effectively use, on the average, some $3 billion to $4 billion more of development finance than they are now receiving. This judgment was based on estimates of the capacity of the developing countries to save and to export, to follow acceptable economic policies, and to plan and carry out high-priority development. We have kept these estimates under review, and this review confirms and underlines our judgment of a year ago. . . .

Assuming that effective financial assistance would cost an added $3 billion to $4 billion a year, the industrialized countries can certainly afford it. Their national income has been increasing, in the aggregate, at the rate of $40 billion to $50 billion a year.

Dr. B. R. Sen, Director-General, FAO

Dr. Sen said—

. . . One of the most promising methods of increasing the rate of food production rapidly is through making available to developing countries manufactured production requisites such as fertilizers, pesticides, and farm equipment. While we should help these countries to develop their own facilities as fast as possible, wherever appropriate, it is clear that for a considerable number of years the solution to the problem must be found through a new international assistance program. FAO is therefore taking the initiative in proposing a Food Production Resources Program under the Freedom from Hunger Campaign. . . .

Of the increased amount of $1,500 million annually as I have tentatively proposed as the total volume of aid to be devoted to agriculture, $500 million should be earmarked for the Food Production requisites. . . .

This worldwide effort or program which I have proposed would consist of two parts. The major one would be on a bilateral basis, under which developed countries, all of which are producers of some types of these production requisites, would provide the low-income countries with assistance, primarily in kind. Of the $500 million, the bilateral segment might absorb $450 million annually, though to reach such a figure a reorientation of the aid policies of the developed countries would be required. FAO, with its worldwide knowledge and its technical competence in the field of food and agriculture, can assist by carrying out the necessary studies. . . .

While the principal component of the program would be on a bilateral basis, it is desirable that FAO should also be in a position to provide aid to countries on a multilateral basis. . . . It is therefore proposed that the FAO multilateral program should amount to $50 million annually, or 10 percent of the proposed overall Program.

A Look at Mainland China's Agriculture, 1965 and 1966

By MARION R. LARSEN
Foreign Regional Analysis Division
Economic Research Service

Halfway through 1966, the Chinese Communist regime found itself in roughly the same agricultural position as at the same time last year. With a smaller than usual summer harvest, it needed a bigger than usual fall harvest to compensate. Last year, the fall harvest did not fill the gap.

This year, the food situation in Mainland China could be somewhat worse, for the winter wheat crop (just harvested) is worse than the poor one of 1965. And the large compensating increase in early rice area that the Chinese claim to have achieved has apparently come at least partly at the expense of area usually under intermediate rice, which is the biggest of the rice crops. But bad weather at harvesttime may have reduced early rice below last year's good crop. If so, even larger crops will be required from harvests later this year, to prevent a substantial reduction in total grain.

How China's 1965 crop rated with previous ones

In 1965, for the seventh straight year, food production in China's socialized sector failed to meet the requirements of the rapidly expanding population. Increased production of quality foods in the private sector provided a better balanced diet and greater variety in the marketplace, but estimated total per capita food availability has been less for the July 1965-June 1966 consumption year, despite record imports of grain.

Agriculture fell short of its stated goal for 1965—a 5-percent increase. And, although some crops came closer than others to equaling or surpassing the production level of 1957, total agricultural production does not appear to have attained that level.

Estimated per capita production of grains in 1965 was about 17 percent less than in 1957 (the year the Chinese Communists have been using as a norm) and about 16 percent less than the average for 1955-58. Even including net grain imports of 5.6 million tons, there was still a per capita grain deficit of 15.5 percent for 1965-66 compared with 1957-58. The estimated caloric value of the 1965-66 diet was slightly over 85 percent of the minimum requirement of 2,300 calories per day calculated for China by the Food and Agriculture Organization of the United Nations.

CHINA'S MAJOR FOOD CROPS IN 1964 AND 1965, WITH COMPARISONS

Item	1957 [1]	Average 1955-58 [1]	Average 1962-65 [2]	1964 [2]	1965 [2]
	Million tons	*Million tons*	*Million tons*	*Million tons*	*Million tons*
Rice	86.8	84.3	81.5	82.0	85.0
Wheat	23.6	23.8	21.2	22.5	20.5
Misc. grain	52.6	52.8	53.3	53.0	51.5
Potatoes [3]	21.9	23.0	22.8	22.5	21.0
Total grain	184.9	183.9	180.6	180.0	178.0
Net trade [4]	—.5	—.8	+4.9	+5.9	+4.4
Net grain supply	184.4	183.1	185.5	185.9	182.4

[1] Official statistics. [2] Revised estimates. [3] Customarily included among grains in official statistics, at one-fourth the value. [4] Minus (—) = net exports; plus (+) = net imports.

The total value of agricultural production in 1965 may have slightly exceeded that in 1964. Some industrial crops increased, notably sugar. Mainly responsible, however, were increases in livestock and food production on the private plots of peasants. This private sector, comprising only about 5 percent of the cultivated land, raises more than 80 percent of the hogs and about 95 percent of the poultry in China. Under various types of incentive programs, peasants continued to increase so-called sideline production, including pork, eggs, poultry, fruits, vegetables, and in some areas pond fish. Processing capacity for these commodities expanded, but this did not guarantee increased domestic consumption; for recent indications are that increasing amounts of processed foods are entering the export market.

China's agricultural calendar

A look at the weather that prevails during any one crop year in China may give a number of clues to agriculture's success, not only that year but the next. There is hardly a month when something is not being planted or harvested somewhere within that vast land area. Frequently, both kinds of operation are going on together.

Thus, the weather from September 1965 on, which affected the final growth and influenced the harvesting of the late 1965 crops, also affected the planting of early crops for 1966—those that have just been harvested.

Major crops reaped during summer harvesting in June and July are the winter wheat, winter barley, and oats planted in northern China during the previous fall; the field peas, broad beans, sweetpotatoes, and rapeseed planted in the Yangtze Valley and farther south during the fall and winter; and the early rice planted in South China during the winter. Winter wheat, the principal winter grain, accounts for about 90 percent of China's wheat crop; and North China is the area of most intense winter wheat production.

Now maturing for harvest are the autumn crops: Spring wheat (comprising about 10 percent of the total wheat output); intermediate and late rice (accounting for about three-fourths of the total rice output); all the fiber and sugar crops; miscellaneous grains (spring barley, corn, kaoliang, millet, oats, buckwheat, broad beans, peas, etc.); tobacco; and most of the oilseed crops, especially soybeans and peanuts. Autumn harvesting begins in August and extends into December in the late rice area.

Weather and the sowings for 1966

It is still too early to judge the level of China's total 1966 agricultural production; the outcome hinges on the character of the weather throughout the remainder of the crop season. However, China's current major weather problem, persistent drought in a large portion of the North China Plain, has already affected the summer harvest, by reducing the area sown to winter wheat last fall.

The 1966 harvest of winter wheat shows the effects of these acreage losses and of lower yields in the drought-stricken area north of the Yellow River, although higher yields in the area south of that river compensated in part. Production of other winter grains such as barley may have been no better than last year because of reduced acreages, although yields were up somewhat.

The poor outlook for winter wheat as far back as last fall may have been a major consideration in the Chinese Communist regime's recent decision to increase its minimum commitment for purchases of Canadian wheat between August 1966 and July 1969, from the original 3-5.1 million metric tons to 4.6-7.6 million.

Despite official announcement of a substantial increase in winter crops south of the winter wheat area, there is evidence that the area of winter crops grown for food, particularly miscellaneous grains in the Yangtze River Valley, was reduced. This occurred because the area of green manure crops was increased—by a claimed 50 percent—in an effort to raise the fertility of the rice land. In some areas, too, the lateness of the harvest last fall precluded the sowing of some winter food crops.

The 1966 growing season

Except for areas affected by the prolonged drought (in general, between the 35th and 40th parallels)—severely in North China and less severely in the Southwest plateau regions of Kweichow and Yunnan Provinces—the remainder of China had reasonably favorable weather in the earlier part of this year. Brief but intense waves of cold in February and again in April, together with excessive rain in part of South and Central China, caused some rotting of rice seedlings; but losses appeared no more serious than in previous years.

The water conservancy campaign during the winter months apparently was the broadest in scope since 1958, and some long-term irrigation projects were completed. In areas with available irrigation, spring crops were reported as doing well. First accounts of the summer harvest indicated the usual early optimism; but these reports were from the southern Provinces, which grow only a small proportion of the winter wheat and which usually produce good crops, since moisture there is less of a problem. As harvesting moved north, the results of the drought became clearer. In southern Shensi, the drought was reminiscent of the bad one in 1961, and yields and production were probably the lowest since that year.

The regime's claim of a much larger early rice acreage than in 1965 is not expected to be followed by claims of a corresponding net increase in output. A large portion of the acreage increase accrued from lands that have been converted from single to double cropping, rather than from new land. Also, there was an apparent decrease in rice acreage in Kwangtung Province, the foremost double-cropping area. The overall increase in early rice acreage would have been gained by decreasing the acreage of sweetpotatoes, sugarcane, sesame, tobacco, soybeans, and intermediate rice. There are recent reports, however, that the seeding plan for rice was not completed in some Southwest areas, owing to dry conditions at transplanting time. In addition, excess rainfall in June in previously dry parts of Southwest China and in South China has destroyed or threatened undisclosed amounts of rice there with waterlogging and flooding, and the early rice crop may be smaller than in 1965.

Agriculture's place in current planning

During 1965, Mainland China, which has always depended on agriculture for its main support, continued and possibly speeded its recovery from the depression which followed the Great Leap Forward (1959-61). This was a crucial year for the regime. Finally, after a 3-year delay, it launched its Third Five-Year Plan on January 1, 1966—the plan that had been due for completion in 1967. But, in spite of all the official urgings woven into a "new upsurge" in production in 1965, there was much spinning of wheels with only a little forward motion.

The "all of the eggs in one basket" approach that had led up to the Second Five-Year Plan (the Great Leap) was not apparent during 1965, the lead-up year to the Third Plan. Instead, officials speculated that at least 4 and possibly as many as 10 plan periods would be needed to attain a sound and stable economy.

This more realistic approach tempered national domestic policy during 1965; and only minor changes have been noted in agricultural policy this year. Some private plots have been quietly taken back by communes, and free markets continue to be curtailed. Nevertheless, the private sector continues to increase in importance as a producer of daily necessities.

Agriculture's role in the revolution has been further developed and defined under the Socialist Education Movement, launched in late 1964 and greatly expanded during 1965 and 1966. The "new upsurge" has been the focus of this campaign, pointed primarily at poor and middle-income peasants.

The purpose is apparently to persuade the peasant to evaluate his cadre, in a widespread "housecleaning" program aimed at weeding out unproductive elements. In this way, officials are attempting to involve the peasant more deeply in national and Party affairs and to give him a feeling of greater importance as a substitute for the material incentives that cannot be provided.

Outlook for agricultural development

Prospects are for a very gradual increase, at best, in agricultural production. China's greatest need, a constant source of substantial credit, is one whose satisfaction would probably be precluded by national policy. Its greatest asset, the laboring peasant, has demonstrated a lack of self-generating momentum despite all the regime's efforts at "socialist education." Without sufficient material incentives, he will continue to spend his best energies on his private plot and the sustenance of his own family.

A further bottleneck is the shortage of well-trained specialists with the scientific and technical competence to organize and direct agricultural improvement on a scale commensurate with China's needs. The possibility exists that agriculture has reached a plateau stage. The level of grain production appears to be near the maximum permitted by the present level of soil fertility. Production of chemical fertilizers, although increasing rapidly in recent years, still lags substantially behind requirements. Addition of more farmland through water conservancy projects implies huge capital outlays for reservoirs, long irrigation and drainage ditches, and expensive leveling operations.

Farm mechanization has been lagging also. Except for some progress in expanding the electrical pumping capacity in the rice areas and drilling wells in the pastoral areas, comparatively little has been accomplished. Although Chinese industry can now manufacture tractors and some other types of power equipment, the output of tractors (claimed at about 15,000 units annually in terms of 15 horsepower) barely provides replacements for wornout units. There were some 120,000 tractors (mostly imported) in 1965.

Plans or no plans, the two trends that have developed in China's foreign trade continued strong in 1965 and into 1966: namely, increases in imports of raw agricultural commodities, predominantly grains, and orientation to Free World markets and sources. Total trade in 1965 expanded faster than in 1964. Imports rose 19 percent and exports 15 percent, compared with the 1964 rates of 11 and 9 percent. Trade turnover rose to 89 percent of the record 1959 level. Available data show that the ratio of China's trade with the Communist Bloc to its trade with the Free World has undergone a surprising switch, from 67:33 in 1959 to 32:68 in 1965. Trade with the Free World rose 22 percent in 1965; exports alone, 27 percent.

China's best source of foreign exchange is still Hong Kong, which continues to take large amounts of farm produce (fresh fruits and vegetables), cotton and textiles, and live animals for slaughter. Trade with Japan (up 55 percent in 1965) continues to expand and to include larger amounts of raw materials. China exported rice to Japan in 1965 for the first time since the Great Leap, and increased shipments have been designated for 1966. Some increases in trade with the USSR and the East European Communist countries were noted; but these were overshadowed by larger increases in trade with Western Europe.

More flexibility in programing foreign trade came with the repayment of the final installment on the Soviet aid debt, thus ending a long period of indebtedness stretching back to 1950.

China's traditional exports, mainly agricultural raw materials, increased in 1965. Textiles, sugar, rice, and numerous kinds of foodstuffs from private plots went to markets in Southeast Asia. Unusual shipments such as silk and rice to Japan and corn to the United Arab Republic, as well as greater participation by Chinese trade envoys in international trade fairs and exchange groups, point to an expanding trade program.

Much of the expansion in China's trade is being brought on by the continuing need to import food products and other raw materials. Imports of chemical fertilizers showed a substantial increase last year and are continuing to grow this year. Imports of cotton continue at a high level; partial data for the August-July year just ended show shipments to China of 437,000 bales from Free World countries alone—down about 10 percent from the corresponding months of 1964-65.

China's policy of importing grains other than rice at a cheaper price and exporting its own more expensive rice and soybeans has had mixed effects. Wheat export commitments from Western countries show China to have received an alltime high of about 6.5 million metric tons during fiscal 1966. However, these continued large imports of wheat have enabled China to increase its exports of rice, which totaled about 900,000 tons in 1965.

Some of the cost of raw material imports is retrievable in the form of processed goods (such as textiles from raw cotton imports), which China is now exporting. Nevertheless, a large proportion of the country's foreign exchange is being expended for consumption instead of much-needed capital goods. Some break in this trend appeared during 1965 as a substantial increase occurred in the importation of industrial materials and machinery and equipment, including whole plants. However, the long-term agreements with Canada for wheat shipments extending almost to 1970 indicate that China sees no quick or easy solution to its food problem, which is likely to require even larger amounts of foreign exchange for an indefinite period.

Soviet Union To Begin 10-Year Irrigation-Reclamation Program

A major program of irrigation, drainage, and land reclamation will be a feature of the Soviet Union's next two 5-year plans, covering the period 1966-75.

As set forth in a June 19 decree of the Communist Party of the Soviet Union and the USSR Council of Ministers, the program adds goals for 1971-75 to those already announced for the current Plan (1966-70).

By the end of 1975, land under irrigation is scheduled to increase by 17-20 million acres; reclaimed, improved, and drained land, by 37-40 million. Together, the irrigated and drained area will total 91-96 million acres at the end of the 10 years, against the current 37 million.

Of the increase in irrigated land, 6-7 million acres are to be put in use during the current Plan, and 1.2 million acres of this will go into the development of rice growing. This Plan also calls for improvement of existing irrigation systems. The land to be drained is primarily in the nonchernozem (nonblack soil) region. The current Plan calls for drainage of 15-16 million acres, probably including the restoration of drainage systems previously built.

The decree implementing this program is entitled "On the extensive development of land reclamation for obtaining high and stable yields of grain and other agricultural crops," and the need for efficient usage of the improved lands is stressed throughout. Y. Y. Alekseyevskiy, Minister of Land Reclamation and Water Economy, indicates that about 16.4 million tons of grain will be produced on irrigated and drained land by the end of the current Plan (as against about 5 million tons at present); and by the end of the next Plan, this figure is expected to reach 34-36 million, of which 14 million will come from the nonchernozem areas. Rice production, which totaled 583,000 tons in 1965, is due to rise to 1.5 million by 1971.

Another expected result from the increase of irrigated land is an increase in cotton production, to at least 6.4 million tons by 1971 and about 8 million by 1976, as against 5.7 million in 1965. Through feed from the newly drained land and improved pastures and meadows, meat output is expected to increase by 1.5 million tons and milk by 15 million during the current Plan, with corresponding increases of about 3 million and over 30 million by 1976.

The new program received its impetus from the decisions of a plenum of the CPSU in May. No investment total was given for the 10-year program, but it was indicated that state expenditures on water economy construction during the current Plan would be more than 10 billion rubles, and that financing and associated expenditures for these purposes from all sources would exceed 15 billion rubles. The 10 billion rubles is apparently part of the previously announced 41 billion rubles of state agricultural investment for the current Plan, although conceivably some additional resources may have been found for associated expenditures. —From dispatch by DAVID M. SCHOONOVER
Assistant U.S. Agricultural Attaché, Moscow

Argentine Government Encouraging Expansion in Grain Exports

By JAMES P. RUDBECK
Grain and Feed Division
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Recent increases in minimum prices paid to Argentine grain producers should help bolster that country's grain production and further expand exports. Over the past decade, such shipments have gained by some 50 percent, making Argentina the world's third largest grain exporter.

Twice this year (in February and July), the Argentine Government increased its 1966 support prices for wheat, barley, oats, and rye—boosting them about 40 percent above their 1965 levels. The Grain Board is obligated to purchase at the support levels; however, the July decree held the minimum domestic selling price at the February support, or some 20 percent over 1965's.

The size of these gains is partly explained by the high rate of inflation—averaging 25 percent per annum—in recent years. But since domestic prices are insulated from the world market by operations of the Grain Board, the new supports will mean more pesos to the farmers and will encourage increased production.

Increases likely for corn, sorghum

Sometime later this year (probably in late August) the government will announce 1966 prices for corn and sorghum. It is believed that these will be raised.

In the face of relatively stable domestic grain requirements and likely expansion of overseas demand, the probable effect of the Argentine producer-price action will be a continuation of the upward trend in grain exports.

The magnitude of the increase will, of course, depend upon the relationship between domestic livestock and grain prices, the application of improved cropping practices, and the level of the minimum producer prices relative to the cost of farm inputs.

Since the early 1950's both grain production and exports have shown an overall upward movement. Relatively stable domestic consumption requirements have enabled virtually all increases in production to move into the export market. During this period of time, total grain acreage has remained almost constant with wheat, corn, and sorghum plantings increasing at the apparent expense of barley, oats, and rye.

Wheat exports the biggest

Wheat exports have generally accounted for the "lion's share" of Argentine grain exports. The recent trend in wheat production has been somewhat erratic, but with a nearly stable level in domestic requirements it has yielded an upward movement in exports. Last year, wheat exports reached a 30-year high, but they are expected to dip this year as a result of a decrease in the 1965 harvest brought on by poor weather conditions early in the season.

Moderate increases in acreage and slight yield improvements appear to be responsible for the long-term expansion in production. Currently the Argentines have been attempting to introduce improved varieties and better cultural practices which, if adopted on a wide-scale basis, could greatly accelerate exports.

Corn and sorghum production has made rapid gains in Argentina and may within a few years displace wheat in relative importance. In the early 1950's, corn production was slightly under 4 million tons; but according to the current estimate, the April 1966 harvest exceeded 7 million. Sorghum production has the same story, except that the rate of increase is more impressive—from about 300,000 tons in the mid-1950's to some 2 million in 1966. Virtually all of the added output has been exported.

While the use of hybrid corn and sorghum varieties has progressed to well above the 50-percent mark, lack of widespread fertilization has led to a depletion in soil fertility and a mere maintenance of per-acre yields. This means that if large-scale use of fertilizers and herbicides is adopted, production, and therefore exports, could go up substantially even without any acreage gains.

The trend in the combined production of barley, oats, and rye has been erratic, but on a downward course. Yield improvement has been spotty and exports have declined.

ARGENTINE GRAIN EXPORTS

Item	1934-35/ 1938-39 average	1954-55/ 1958-59 average	1959-60/ 1963-64 average	1964-65	1965-66 estimate
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat	3,295	2,738	2,299	6,271	5,500
Corn	6,577	1,402	2,508	2,655	4,400
Sorghum	—	182	385	217	1,200
Barley, oats, rye	765	940	570	798	300
Total	10,637	5,262	5,762	9,941	11,400

Note: Data are arranged on a marketing-year basis, which is December-November for wheat, barley, oats, and rye and April-March for corn and sorghum. Therefore, data on corn exported between April of 1965 and March of 1966 have been combined with those on wheat exported between December 1964 and November 1965.

ARGENTINE GRAIN PRODUCTION

Item	1934-35/ 1938-39 average	1954-55/ 1958-59 average	1959-60/ 1963-64 average	1964-65	1965-66 estimate
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*
Acreage:					
Wheat	15,834	12,132	10,518	14,500	11,147
Corn	10,775	5,371	6,673	7,567	8,597
Sorghum	—	441	1,413	1,618	2,500
Barley, oats, rye	4,338	6,632	5,165	4,691	2,543
Total acreage	30,947	24,576	23,769	28,376	24,787
	Bushels per acre	*Bushels per acre*	*Bushels per acre*	*Bushels per acre*	*Bushels per acre*
Yield:					
Wheat	14.4	19.7	20.2	28.6	19.8
Corn	28.0	27.6	27.6	26.7	32.3
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Production:					
Wheat	6,036	6,520	5,771	11,300	6,000
Corn	7,670	3,770	4,778	5,140	7,060
Sorghum	—	319	1,095	857	2,130
Barley, oats, rye	1,468	2,848	2,175	2,407	1,170
Total production	15,174	13,457	13,819	19,704	16,360

Note: Data are arranged on a marketing-year basis, which is December-November for wheat, barley, oats, and rye and April-March for corn and sorghum. This means that for the 1964-65 year, data on corn harvested in April 1965 have been combined with those on wheat harvested in November 1964.

Left, Mexican children in "Club Juvenal Rural"; below, 4-K boys in Turkey at a Rural Youth Leaders Conference.

The 4-H Idea: An American Export of Self-Help

When President Johnson earlier this year announced a new direction for U.S. food aid programs, he stressed the need for self-improvement in the agricultural production of developing countries. To give themselves just that boost, many nations are bringing more rural people into the market economy and making more effective use of one of their most vital resources—young people.

Some years ago, the United States "exported" to several countries a means of utilizing and developing the special talents of rural youth—the idea of 4-H. Foreign visitors to the United States interested specifically in agriculture and homemaking discovered 4-H and took the idea home.

The first Youth Farmers' Club started in Britain in 1921, and 4-H programs were set up in Sweden in 1924, Denmark in 1926, and in Finland in 1927. By World War II, some 35 or 40 countries in the Americas, Europe, and Australia and New Zealand had rural youth programs patterned after 4-H. Since World War II, this number has doubled.

Around the world 4-H is known as Rural Youth Movement, Young Farmer's Clubs, Young Peasant Alliance, 4-S, 4-K, and even 4 Sounds, in the Republic of China.

The idea of 4-H has been uniquely adaptable to rural farming clubs in most of the developing nations mainly because the problems these countries face are similar to the problems which plagued farming areas of the United States at the time 4-H was founded. People in rural America were experiencing very low levels of living, had poor health, little education, and few of the skills needed to apply scientific knowledge in agriculture and homemaking.

Starting simply as boys' clubs and girls' clubs with practical projects in farming and homemaking, 4-H became a new concept of informal education that America welcomed.

While there are no formal ties between the National 4-H Club Foundation of the United States and the youth clubs of other countries, the basic principles of 4-H—one learns best by doing, and one learns best through real-life experiences—may mean as bright a future for the developing nations as 4-H helped bring to rural America.

Right, some of Vietnam's 45,548 4-T Club members participate in a local radio program; above, in Brazil, secretary for 4-S Club balances the books.

Trade Center To Exhibit U.S. Specialty Foods With Good Sales Potential in the U.K. Market

"Selected Fancy Fare From America" will go on display at the London Trade Center October 4-13 as U.S. suppliers of poultry products, cheeses, wines, and nuts aim for a larger share of Britain's growing market for specialty foods.

According to market analyses conducted recently for FAS, these foods have excellent sales potential in the United Kingdom, one of America's largest markets for all types of food and agricultural products.

Products displayed at the exhibit must be canned, frozen, glass-packed, or dry-packaged and fit into one of the following categories:

- Poultry of a specialty or unusual nature, like breaded chicken portions, turkey slices in gravy, precooked turkey rolls, boned turkey, turkey in sauce, smoked poultry products, chicken rolls, and frozen, precooked parts. All poultry consigned to Britain must be precooked.

Cheese, wine use growing

- Consumer packs of specialty cheeses—excluding Cheddar, Swiss, Edam, and Gouda—in a wide variety of flavors for cocktails and snacks. Despite their higher prices, specialty continental cheeses are becoming popular in Britain, and some U.S. varieties may find a ready market. Britain's consumption of natural cheese expanded by about 11 percent in the first half of this decade, with some swing away from the hard Cheddars, Cheshires, and traditional English cheeses.
- Wines manufactured, bottled, and labeled in the United States. The British market for wine is rapidly expanding, and the trade expects a 10-12 percent annual growth in the next 5 years. Although the price of U.S. wines and competition from continental and Commonwealth suppliers are retarding U.S. participation in this growth, efforts to generate acceptance of unfortified table wines of a taste, quality, and price suitable to the British market could bring increased use of American wines.
- Walnuts, almonds, pecans, macadamias, peanuts, and mixtures containing 50 percent or more, by weight, of these nuts.

The United States is the world's only large producer of pecans, a relatively new nut to British consumers. Although some U.S. pecans have been moving into the U.K. market for years, sizable sales began only a year or two ago as a result of a favorable price level. British trade reaction to American pecans has been very good, and sales are rising sharply.

Outlook good for almonds

Shelled almonds from Europe, traditional source of Britain's supply, have an advantage in the United Kingdom in that their excellent flavor has gained them an established place in the market. However, U.S. prices have been competitive, supply has been constant, and the condition of U.S. almonds arriving in the United Kingdom has generally been superior to those from Europe. If these qualities can be maintained. U.S. almonds might well capture more of the U.K. market. As for in-shell almonds, the market is quite static, and it is questionable whether the United States can expect much of an increase in sales.

U.K. imports of shelled walnuts come mainly from India, France, and Mainland China, with those from the United States rather minimal. However, among suppliers of in-shell walnuts, the United States last year moved up from tenth to fourth place, following India, Mainland China, and Italy. Trade reaction to U.S. in-shell walnuts has been favorable; in fact, they are generally considered the best on the market in terms of appearance and are particularly well suited to supermarket and self-service sales. Price will be the chief factor determining the future of U.S. walnuts in the United Kingdom. Last year prices were high, allowing U.S. walnuts to compete effectively with nuts from Italy, which were selling at a price well above their 1964 level.

Peanuts are becoming popular in the United Kingdom, with salted peanuts leading the way in both consumers' demand and manufacturers' promotion. As these gain even greater acceptance, demand for other peanut products, like confections and peanut butter, is likely to follow suit.

Participation in the exhibit is open to all U.S. processors and suppliers of the products to be promoted. Firms need provide only the products for display, sampling, and demonstrations and a full-time representative to man the display and meet with British tradespeople.

Applications for exhibit space are still being received by the FAS International Trade Fairs Division, USDA, Washington, D.C. 20250. Telephone: DUdley 8-6445.

Irish Production of Mixed Feeds Still Soaring

Irish production of mixed feeds continued to show phenomenal growth through 1965, according to preliminary data from Ireland's Department of Agriculture and Fisheries.

The Department estimates that output of mixed feeds rose to a new high of 840,000 metric tons during 1965, boosting total consumption of grain in Ireland to a record 1.3 million tons. Mixed feed production alone was up 27 percent from 1964 and 152 percent from 1960—its rapid growth reflecting the greater emphasis being placed on grain feeding in Ireland and the expansion in production of livestock.

Pig rations continued far and away the dominant mixed feed, accounting for 73 percent of total production in 1965 and for more than half the overall increase between 1964 and 1965. Output of these rations rose to 602,000 tons, some 27 percent above their 1964 level and 2½ times the 1960 figure.

Cattle and poultry feeds also showed large percentage gains. Poultry feeds, at 142,000 tons in 1965, were some 27 percent above 1964 production and about 2¾ times 1960's; cattle feeds totaled 86,000 tons—up more than 50 percent from 1964 and 270 percent from 1960.

The United States has benefited from the recent growth in Irish consumption of feed grains. Very little grain sorghum was fed in Ireland prior to 1964. Since then, however, sorghum has become a popular livestock feed for both pigs and poultry. Consumption of sorghum reached 154,000 tons during 1965, and the bulk of this grain came from the United States.

Austria May Adjust Prices on Feedgrain Imports

Austria's Ministry of Agriculture has formally requested approval from the Government's Price Commission for a proposed increase in prices of grains imported for feeding purposes. The envisaged price increases per metric ton of grain at retail level would run to about 38 cents or 4.7 percent for feed wheat, to 58 cents or 6.5 percent for feed barley, and to about 58 cents or 7.0 percent for feed corn.

The reason for the adjustment of the officially fixed prices for imported feedgrains, as proposed by the Ministry of Agriculture, is to encourage farmers to increase domestic plantings of feedgrains and to increase receipts derived from variable levies collected on imported feedgrains. The Ministry of Agriculture hopes—by an increase of gate prices—to keep receipts from variable levies in the 1966-67 crop year at a level not too far below 1965-66. If, as is currently assumed, feedgrain imports in 1966-67 run considerably below 1965-66, larger levies would at least partially offset the resulting decline in revenues.

The Ministry's proposal is reportedly meeting some opposition because of its possible effect on meat prices.

Australia Allocates Funds for Wheat Research

Australian officials have announced that the Commonwealth has approved expenditures amounting to $912,000 for wheat research in 1966-67.

Approval was given under the Wheat Research Act of 1957 and followed the recommendations of a recent budget meeting of the Wheat Industry Research Council. Research will include investigations of races and species of bunt in wheat and the potassium status of wheat soils. Also, a wheat breeding program will be begun, aimed at building plant resistance to stem rust. The seasonal origin, development, and movement of stem rust in Queensland will also be studied, as well as various soil and water relationships under controlled conditions.

Commonwealth contributions represent only a part of the funds available for research. A wheat tax of one quarter of a cent per bushel provided by growers is used by the Wheat Industry Research Committees to finance additional research in each State. The total cost of State programs is nearly equal to the Commonwealth allocation, and the result is a combined program that in 1966-67 is expected to make available nearly $1.7 million for wheat research.

Grants have been allocated to State Departments of Agriculture, the Commonwealth Scientific and Industrial Research Organization, Australian universities, and other research groups to provide for a continuation of work already begun, for new research projects, and for payment of overseas study and research facilities.

Record Australian Rice Crop Harvested in 1966

The 1966 rice crop just harvested in the Riverina area of Australia was a new record, exceeding earlier expectations. The entire crop has now been delivered to receiving depots in the Murrumbidgee, Coleambally, and Murray Valley irrigation districts. Deliveries totaled 182,000 metric tons of paddy, or nearly 14,000 tons more than the 1965 production record. Average yields for the entire Riverina area were nearly 6,700 pounds of paddy per acre, also a new record. Previous highest average yield was 6,223 pounds.

As in the past, the major proportion of the crop consisted of the Caloro variety, of which about 115,000 tons were produced, while output of the Calrose type increased to 58,000 tons. Further small but significant gains were made in the production of long grain rice, and deliveries of Bluebonnet 50 increased to 7,000 tons.

Despite the record harvest the industry does not expect any difficulties in disposing of the crop. The Rice Marketing Board entered the new marketing year with bare boards, and virtually all the 1966 production has already been committed. Both domestic and export demand is strong, and in contrast with the industry policy of recent years to contain production as much as possible, expansion of the industry may be seriously considered.

Already it is becoming evident that the limitations placed on rice growing in the Coleambally Irrigation Area are unlikely to be enforced. With the large number of new farms yet to be settled in this area, production could be increased significantly within a relatively short period if remunerative markets are available.

India's Peanut Estimate Revised Downward

India's 1965-66 peanut production is now placed at 4,022,100 metric tons, in-shell basis, according to the final official estimate recently released. This is 32 percent below the revised official estimate for 1964-65 of 5,887,700 tons.

These estimates represent substantial declines from the previous estimates for 1965-66 and 1964-65 of 4,500,000 and 6,176,000 tons, respectively. Except for Uttar Pradesh, production was down last year in all the major growing States because of late and insufficient rains.

According to revised estimates, area planted to peanuts in 1965-66 was 17,720,000 acres compared with 17,831,500 in 1964-65.

U.S. Exports of Soybeans and Products

June exports of U.S. *soybeans*, at 19.6 million bushels, were somewhat below the 21.5 million exported in May. However, exports in September-June 1965-66 exceeded those in the comparable period of 1964-65 by 44.4 million bushels; major markets for the increased exports were Japan, Spain, West Germany, the Netherlands, and Italy.

Edible oil exports, at 95.4 million pounds, were 8.9 million above the May volume. Cumulative exports in the October-June period declined markedly, down nearly two-fifths, from those in the corresponding 1964-65 period. The reduction principally reflected the absence of exports to Spain and smaller movements to West Germany and Pakistan. However, exports to Iran, Yugoslavia, Burma and Colombia increased.

In June, *cake and meal* exports from the United States were 152,300 short tons—85,000 tons below those in May. Aggregate exports in the 9-month period through June

exceeded 2.3 million tons—27 percent above those in the like period of 1964-65. Increased exports of soybean meal to West Germany, France, Spain, and the Netherlands accounted for two-thirds of the aggregate increase.

U.S. EXPORTS OF SOYBEANS AND PRODUCTS

Item and country of destination	Unit	June		Sept.-June	
		1965 [1]	1966 [1]	1964-65 [1]	1965-66 [1]
SOYBEANS					
Japan	Mil. bu.	3.7	5.2	39.1	54.3
Netherlands	do.	1.3	1.3	25.7	31.2
Germany, West	do.	1.5	3.0	20.5	29.3
Canada	do.	5.2	4.1	27.8	26.9
Spain	do.	.3	1.8	7.0	16.3
Italy	do.	.1	.3	9.1	15.1
Others	do.	4.0	3.9	53.8	54.3
Total	do.	16.1	19.6	183.0	227.4
Oil equiv.	Mil. lb.	176.6	215.1	2,009.5	2,497.1
Meal equiv.	1,000 ton	377.9	460.3	4,300.8	5,344.4
EDIBLE OILS					
		June		Oct.-June	
Soybean: [2]		1965 [1]	1966 [1]	1965-66 [1]	1965-66 [1]
Pakistan	Mil. lb.	5.0	2.1	184.7	102.1
Iran	do.	7.4	16.1	57.6	100.1
Yugoslavia	do.	—	.1	1.1	40.4
Burma	do.	—	—	—	32.3
Colombia	do.	([3])	10.4	([3])	30.5
Canada	do.	3.1	4.1	28.8	25.2
Greece	do.	—	—	51.4	23.8
Others	do.	62.7	31.8	605.0	162.8
Total	do.	78.2	64.6	928.6	517.2
Foreign donations [4]	do.	27.3	13.2	[5]69.7	151.2
Total soybean	do.	105.5	77.8	998.3	668.4
Cottonseed: [2]					
Germany, West	do.	11.8	—	141.8	49.9
Canada	do.	2.2	1.8	31.9	37.4
Egypt	do.	—	11.1	26.7	36.1
Venezuela	do.	3.9	3.5	20.5	25.8
Pakistan	do.	—	—	17.5	21.7
Mexico	do.	10.8	([3])	10.9	15.4
Morocco	do.	—	—	23.9	15.1
Others	do.	21.6	.6	160.0	50.5
Total	do.	50.3	17.0	433.2	251.9
Foreign donations [4]	do.	1.7	.6	[5]78.5	1.9
Total cottonseed	do.	52.0	17.6	511.7	253.8
Total oils	do.	157.5	95.4	1,510.0	922.2
CAKES AND MEALS					
Soybean:					
Germany, West	1,000 ton	28.1	19.8	239.6	369.5
France	do.	26.2	24.0	281.3	354.3
Netherlands	do.	22.1	29.8	209.4	264.0
Canada	do.	17.1	16.1	183.1	170.8
Italy	do.	5.9	.1	114.9	145.1
Belgium	do.	20.9	2.4	144.9	126.5
Denmark	do.	2.3	11.8	104.6	123.2
Spain	do.	.6	.2	59.5	122.8
United Kingdom	do.	5.7	2.6	25.5	93.3
Yugoslavia	do.	—	12.3	108.9	77.8
Others	do.	15.0	12.0	193.1	266.0
Total	do.	143.9	131.1	1,664.8	2,113.3
Cottonseed	do.	16.9	.1	113.6	97.4
Linseed	do.	6.2	19.2	37.4	79.9
Total cakes and meals [6]	do.	168.5	152.3	1,831.0	2,323.9

[1] Preliminary. [2] Includes Title I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Less than 50,000 pounds. [4] Title III, P.L. 480. [5] October-December 1964 estimated by USDA, includes salad oil and oil in shortening. [6] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

Nigeria's Exports of Oils, Oil-Bearing Materials

Nigeria's exports of vegetable oils and oil-bearing materials in 1965 totaled almost 713,000 long tons, oil-equivalent basis, according to preliminary figures from the National Office of Statistics, Lagos. This was an increase of 5 percent from exports in 1964.

Exports of oil-bearing materials, at about 464,000 tons, oil basis, were only slightly above the previous year's level, but exports of vegetable oils increased 13 percent, reflecting the growth of the crushing industry. Exports of peanut and palm-kernel cakes and meals, at 116,000 tons, were almost one-fifth less than the 1964 tonnage.

NIGERIAN EXPORTS OF OIL-BEARING MATERIALS AND PRODUCTS

Item	1962	1963	1964	1965 [1]
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*
Oil-bearing materials:				
Peanuts, shelled	529.6	614.2	544.4	512.0
Palm kernels	366.6	398.3	394.2	415.5
Cottonseed	43.0	65.5	62.5	70.1
Sheanuts	8.6	22.7	7.1	26.0
Copra	1.5	2.8	7.8	6.6
Soybeans	15.0	27.5	7.7	15.1
Sesameseed	24.1	15.5	17.9	([2])
Castorbeans	1.1	.3	.2	.1
Oilseeds, unspecified	.4	1.0	.3	[3]47.3
Vegetable oils:				
Peanut	62.9	69.4	79.7	90.8
Palm, edible	115.3	118.9	130.1	135.5
Palm, technical	3.3	6.8	4.1	14.6
Palm kernel	.1	3.2	.9	.9
Other, edible [4]	([6])	([6])	2.5	4.8
Other [5]	([6])	([6])	3.0	2.4
Oilcakes and meals:				
Peanut	88.0	85.4	139.3	112.7
Palm kernel	.8	1.3	2.2	3.9

[1] Preliminary. [2] Not available. [3] Probably includes sesameseed. [4] Soybean, cottonseed, sunflowerseed, rapeseed, and mustardseed oils. [5] Linseed, coconut, castor, and fixed vegetable oils not elsewhere specified. [6] Less than 50 tons.

Nigeria Trade Summary and National Office of Statistics, Lagos.

Exports of shelled peanuts declined only moderately from the 1964 level but were one-sixth below the record of 1963. The decline from 1964 was due to the sharply reduced peanut production of 1965 and to expanded domestic crushing. Exports of peanut oil were a record high, up 14 percent from the previous year; exports of peanut cake and meal dropped by one-fifth.

Peanut exports to the United Kingdom—usually the biggest market for Nigerian peanuts—fell 56 percent from the 1964 tonnage, and France became the major market, taking one-third of the total. The United Kingdom, however, was by far the largest market for oil and meal, taking 58 and 90 percent, respectively, of these exports.

In contrast to the decline in peanut exports as such, exports of palm kernels in 1965 increased 5 percent from the 1964 level. Moreover, exports of palm oil rose 12 percent. Nigeria, the world's largest exporter of palm kernels, has exported small quantities of palm-kernel oil since 1962, but with further development of the processing industry, exports are expected to increase. Exports of kernel cake and meal in 1965 were up three-fourths from the 1964 tonnage.

Over 40 percent of the exports of palm kernels and palm oil went to the United Kingdom. West Germany was the major market for kernel cake and meal, and Ghana, for palm kernel oil.

Mexican Government Buys Safflowerseed

The Mexican Government purchasing agency, Compania Nacional de Subsistencias Populares (CONASUPO), has thus far purchased 40,000 metric tons of this year's safflowerseed crop. Of this total, 11,000 tons were consigned for export to Japan during July, at a price of $116 per ton, f.o.b., Guaymas or Mazatlan. CONASUPO is expected to buy and probably export a total of 50,000 tons this year.

Reports differ as to whether CONASUPO is paying farmers 1,450 or 1,500 pesos ($116 or $120) per ton.

The estimate of Mexico's 1966 safflower crop remains at 200,000 tons as reported earlier (Foreign Agriculture, April 18). Mexico's crushing capacity for safflowerseed is about 150,000 tons.

West Germany's Honey Crop Expected to Drop

A lower honey production is in prospect for West Germany in 1966 (1965-66 crop year). Production is forecast at 7,900 metric tons, compared with 11,000 for the previous year. Cool, wet weather prevailed during the fruit-tree blossoming period this spring and a very hot spell during the first half of June probably did not offset the low spring honey flow.

According to the December 1965 census, the number of beehives had increased by 1.4 percent over 1964. This increase took place only in the Southern and Western States.

Total imports of honey during calendar 1965 amounted to 48,000 metric tons, an increase of 24 percent over 1964. Major suppliers continued to be Argentina and Mexico, followed by Mainland China (in terms of quantity) and the United States (in terms of value).

Spanish Table Olive Crop Damaged

Recent reports from Spain indicate that the 1966 table-olive pack has been seriously damaged by Dacus fly infestation. Both the Queen and Manzanilla varieties were affected, but new-crop estimates are not yet available. Prices in the United States for imported Spanish olives have reportedly risen sharply as a result of the reduced pack.

Ecuador's Cigarette Output Increases

Cigarette output in Ecuador continued upward through 1965. Production last year totaled 774 million pieces, compared with 753 million in 1964 and 729 million in 1963.

Cigar production rose to 696,000 pieces from 661,000 pieces in 1964 but was still only 22 percent of the 1955-59 annual average of 3,158,000 pieces.

U.S. Tobacco Exports Declined in June

U.S. tobacco exports in June 1966, at 28.4 million pounds (export weight), were 21.5 percent below those of June 1965. This brings total exports in the first half of 1966 to 175.5 million pounds, 2.4 percent above those in January-June 1965.

For the fiscal year ended June 30, 1966, exports totaled 472.2 million pounds, valued at $394.7 million, compared with 484.0 million pounds, valued at $395.3 million, for fiscal 1965. Flue-cured exports in fiscal 1966 totaled 348.4 million pounds (export weight) compared with 372.7 million in fiscal 1965; those of burley were 47.4 million, against 47.1 million.

Exports of tobacco products in June 1966 were valued at $9.6 million, compared with $11.4 million in June a year ago. Exports of cigarettes, at 1,663 million pieces, were 21 percent below those of June 1965. For January-June 1966, the total value of tobacco product exports was $62.6 million—up 5.4 percent from the value of $59.4 million for the first half of 1965.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	June 1965	June 1966	January-June 1965	January-June 1966	Change from 1965
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	24,964	20,742	126,297	124,145	— 1.7
Burley	7,838	4,202	18,485	20,577	+ 11.3
Dark-fired Ky.-Tenn.	403	1,072	6,688	7,298	+ 9.1
Va. Fire-cured [1]	445	61	2,535	2,654	+ 4.7
Maryland	422	513	3,149	3,530	+ 12.1
Green River	17	2	396	439	+ 10.9
One Sucker	21	0	84	53	— 36.9
Black Fat	400	377	1,619	1,814	+ 12.0
Cigar wrapper	450	195	1,922	2,569	+ 33.7
Cigar binder	104	164	1,629	1,485	— 8.8
Cigar filler	55	193	245	500	+104.1
Other	997	829	8,297	10,391	+ 25.2
Total	36,116	28,350	171,346	175,455	+ 2.4
Declared value	*Mil. dol.* 28.8	*Mil. dol.* 23.2	*Mil. dol.* 133.5	*Mil. dol.* 145.5	*Percent* + 9.0

[1] Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	June 1965	June 1966	January-June 1965	January-June 1966	Change from 1965
					Percent
Cigars and cheroots *1,000 pieces*	5,495	7,408	21,408	35,853	+ 67.5
Cigarettes *Million pieces*	2,109	1,663	11,378	11,727	+ 3.1
Chewing and snuff *1,000 pounds*	34	39	129	259	+100.8
Smoking tobacco in pkgs. *1,000 pounds*	127	84	475	494	+ 4.0
Smoking tobacco in bulk *1,000 pounds*	1,442	1,274	5,810	6,176	+ 6.3
Total declared value *Million dollars*	11.4	9.6	59.4	62.6	+ 5.4

Bureau of the Census.

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Highlights of the Agriculture and Trade of Romania

General Information:—Romania's total area of 59.3 million acres includes about 37.1 million acres of agricultural land, and 24.7 million acres of arable land. Nearly all the arable land is sown. Over 90 percent of total agricultural land and 95 percent of total arable land is in the socialized sector, which includes state and collective farms but not the private plots of individual farm workers. The population as of July 1964 was 18.9 million of which approximately two-thirds was rural. The agricultural labor force numbered 7.4 million or 58 percent of the total labor force. The average sown area per worker was 3.2 acres—the most dense labor-land ratio in Eastern Europe.

Agriculture:—Total agricultural production in 1965 exceeded that of 1964 by 4 percent and that of the 1957-59 average by 21 percent. Per capita production increased 4 percent from 1964 and 14 percent compared to the 1957-59 average. Romania's agricultural progress in this decade ranks among the best in Eastern Europe, although output is now only slightly above the very good 1961 level. Small grain production in 1965 increased nearly 40 percent over 1964 due to the enormous wheat crop of 5.5 million tons, the largest in Romania's history. A summer drought caused a drop in the production of corn, however, the major feedgrain. Livestock numbers, excluding horses, exceeded the 1957-59 level in 1965, with hogs showing the largest increase. In 1965, meat production was 40 percent above the 1957-59 level, with milk output, formerly higher, equal to it.

During 1965 Romanian agriculture received 9,500 tractors, 5,000 combines, some other machinery, and an additional 50,000 tons of mineral fertilizer in terms of plant nutrients, with state farms receiving preferential treatment. The application rate on state farms is 7 times as high as that on collective farms. Annual deliveries of tractors have been more erratic in Romania than in other East European countries, and the tractor to land ratio is lower than any other East European country except Poland. Consumption of mineral fertilizers—14.1 pounds per acre of sown area—is also the lowest in Eastern Europe, although there has been a sharp increase in the last 3 years.

Agricultural Policy:—The new agricultural program for 1966-70 calls for higher farm prices, increases in machinery, fertilizer and capital inputs, and a reorganization of farm management. In May 1965, government purchase prices for many farm commodities were increased. Government investment is also being used to establish additional machinery and fertilizer plants. Further, a 988,400 acre expansion of irrigated land is to be effected through state investment. The program also calls for a pension system for collective farmers and insures the inviolability of private plots, though it limits them to one-fifth of an acre. The foregoing measures, together with the institution of regular monthly payments to collective farm workers, represent an increase in incentives to farm workers and managers.

Food Situation:—Romanians rank second to Bulgarians in cereal consumption in Eastern Europe. Although they eat more livestock products and fats than Bulgarians and Yugoslavians, they lag far behind the other East European countries in the consumption of these commodities.

Foreign Trade:—Romania is a major exporter of agricultural products in East Europe and, outside of the USSR, the only significant net exporter of grain. The value of agricultural exports has increased significantly since the late 1950's, and accounts for about 20 percent of total exports. Major exports include eggs, grain, fruit, grapes, vegetables and vegetable oils, animal fats, wine, and sugar. Agricultural imports, which account for only 5 to 10 percent of total imports, consist of olives, cocoa beans, hides, skins, citrus fruit, rubber, cotton, and rice. Imports of vegetable oils have decreased sharply as domestic production has increased.

Agricultural Trade With the United States:—The value of agricultural imports from the United States in 1964, consisting mainly of cotton, tallow, and wheat, was $2.1 million. Romanian exports to the United States were valued at $220,000.

—CAROL A. ZAZOVE
Foreign Regional Analysis Division, ERS

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